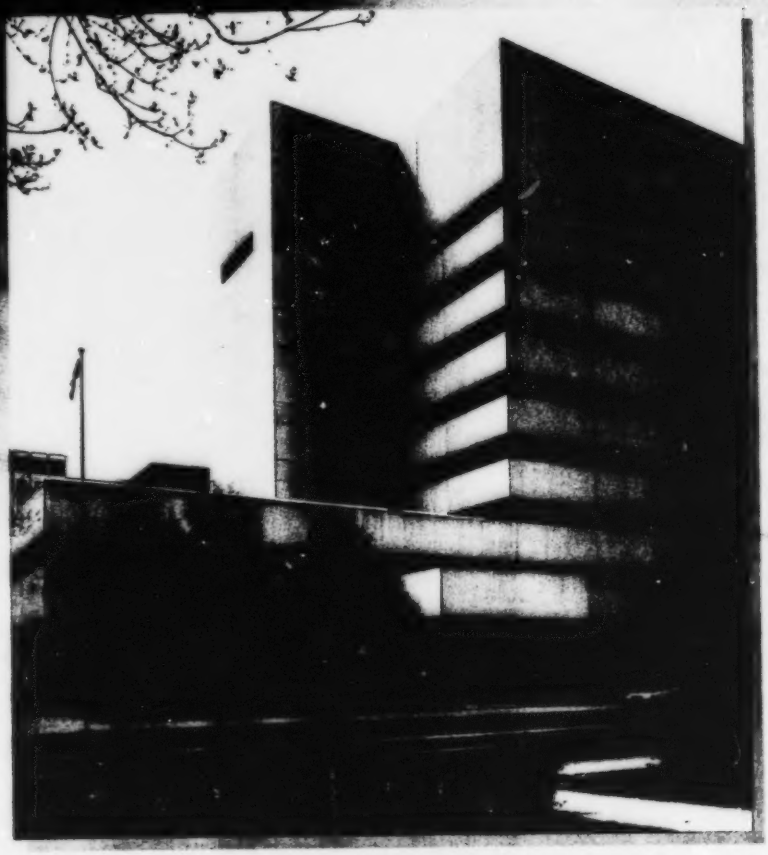

1988 ANNUAL REPORT

The Workers' Compensation Board - Alberta

89-05165/

Summary Of Activities – 1988

Number of Claims reported	62,129
Re-opened Claims	6,996
Non-compensable Claims (rejected)	6,986
Number of Disability Awards	3,003
Fatalities Accepted	124
Claim Costs (in millions)	$310.0
Number of New Claim Appeals (Prior to the establishment of the Appeals Commission November 1, 1988)	530
Number of Registered Employers	59,573
Number of Industry Accounts	63,998
Assessment Revenue (in millions)	$313.5
Average Assessment Rate (in dollars)	$1.59
Unfunded Liability (in millions)	$367.1

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THE WORKERS' COMPENSATION BOARD
ALBERTA

BOARD OF DIRECTORS
VERN MILLARD
CHAIRMAN

2912 - 107 STREET
P.O. BOX 2415
EDMONTON
T5J 2S5
TELEPHONE (403) 427-1263
FAX (403) 422-0972

The Lieutenant Governor in Council,
Province of Alberta,
Edmonton, Alberta

Your Honour,

In accordance with Section 87, Subsection (2) of the Workers' Compensation Act, the Workers' Compensation Board is pleased to present its annual report for the year ended December 31, 1988.

Vern Millard
Chairman of the
Board of Directors

Kenneth C. Pals
President and
Chief Executive Officer

During the summer of 1988, I chaired Task Force hearings which sought the public's views about the operation of the Alberta Workers' Compensation Board. The submissions I received focussed on three basic issues:

- the need to ensure injured workers are treated fairly, sensitively and effectively
- the need for the WCB to be cost effective and accountable to all parties as to its costs
- the need to reduce workplace injuries, thereby minimizing pain and suffering of workers, and costs to employers.

In November, I submitted my report which included a number of recommendations. I am pleased to report that WCB management is aggressively proceeding to implement the priority recommendations.

The need for sensitive and effective service to injured workers is obvious, as is the need for cost effectiveness. However, the proposal that the WCB play an active role in injury reduction would represent a change in direction and warrants a few comments.

First of all, we must recognize that injury reduction is a responsibility of the Occupational Health and Safety Division (OH&S) of Government. However, it is apparent the WCB can assist OH&S in its prevention role. The WCB is responsible for assessing employers to ensure revenues cover the estimated cost of injuries in their respective industries. The assessment system can be sensitive, or insensitive, to the implementation of work safety programs. I believe a sensitive system would provide incentives to implement safety programs and could assist greatly in reducing injuries. The WCB is exploring whether changes should be made to the current system.

The Board of Directors is only in its initial, formative phase. However, I expect that when it is fully functional, it will place major emphasis on the three basic issues which arose from the task force hearings. It will welcome input on these and any other matters.

Vern Millard
Chairman of the Board of Directors

Nineteen eighty-eight was a landmark year in the history of the Workers' Compensation Board – Alberta. The WCB reorganized to meet the challenges of providing improved service during the coming decade and the years beyond. The year was also noteworthy as it marked 70 years of service by the WCB to the workers and employers of this province.

The WCB's new approach came from the directional planning project which was completed in March 1988 with publication of the **Shaping the Future** document. This document set the groundwork for the changes to come during the rest of the year.

The WCB will meet its service objective by undertaking activities in two major areas:

- The WCB will provide first-class service to the 60,000 workers injured on the job each year in Alberta. It will ensure that those with legitimate claims always know where they stand. Injured workers will receive benefits on time, and if they are unable to return to their pre-accident employment, they will receive prompt, quality rehabilitation which will help them return to the work force in an appropriate role
- The WCB will provide prompt, courteous service to the 60,000 employers registered with the WCB.

Shaping the Future proposed changes to benefit levels and funding philosophies. These issues were so fundamental to the operation of the WCB they needed to be discussed in public hearings. These hearings also sought to determine what was required to make the WCB more sensitive and responsive to both worker and employer concerns. The public hearings took place under the guidance of Vern Millard, previous Chairman of the Alberta Energy Resources Conservation Board. Mr. Millard has since tabled his report and been appointed Chairman of the Board of Directors of the Workers' Compensation Board – Alberta. The recommendations of the Millard Task Force contained many positive and practical solutions to the limitations and shortcomings found in the WCB's service delivery system.

Management of the corporation was something that could and should be dealt with internally. Several organizational changes were put into place with the support of Government which had to make the necessary legislative changes.

Bill 30 – The Workers' Compensation Amendment Act, 1988 provided for:

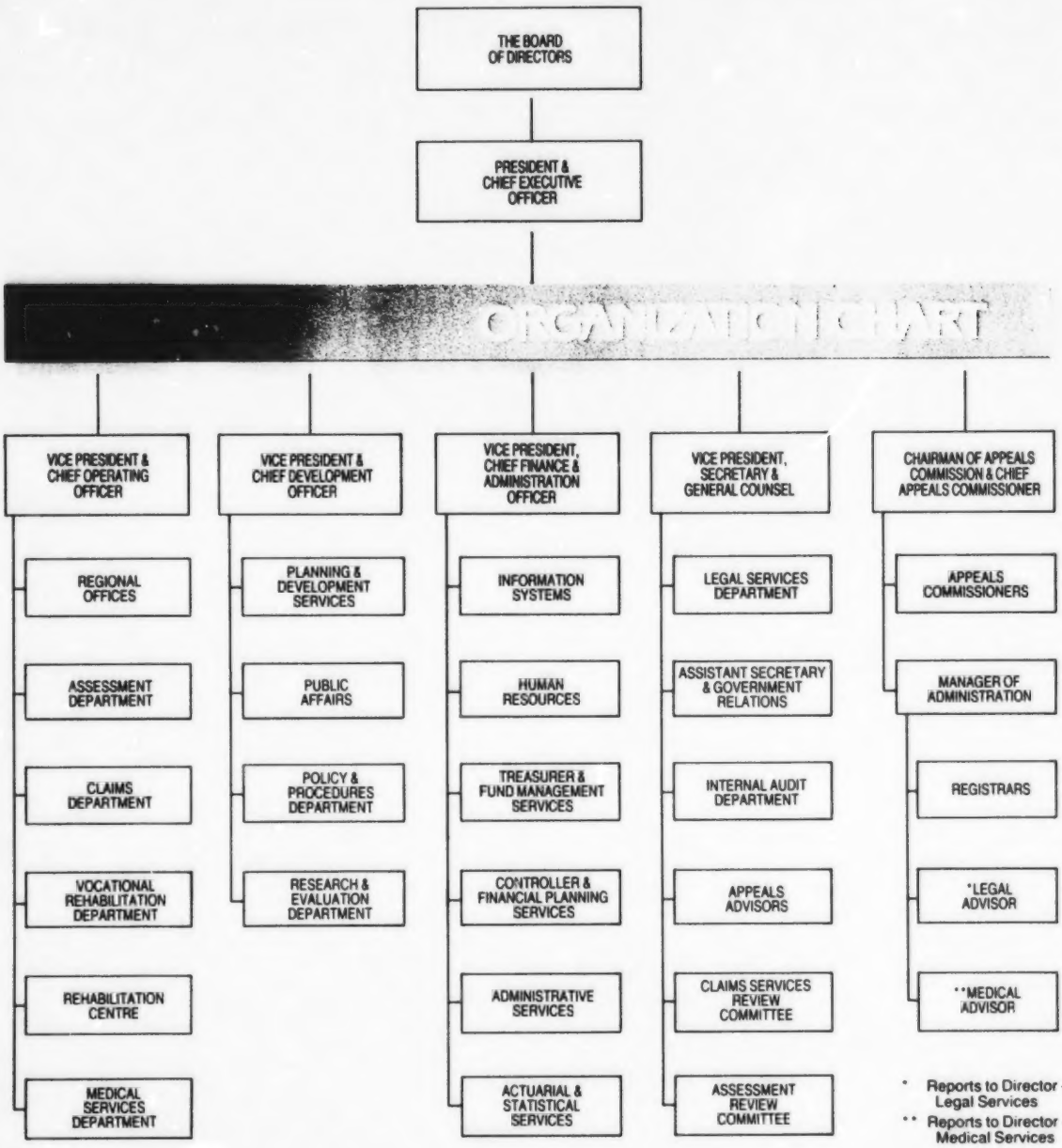
- the creation of a part-time corporate Board of Directors chaired by one of the part-time members
- the position of President and Chief Executive Officer
- an Appeals Commission, with no involvement in the day-to-day operation of the corporation, which would act as the final court of appeal for injured workers.

In the fall, four Vice-Presidents were appointed. These four Vice-Presidents, along with the President, form the Executive Committee which is responsible for administering the restructured WCB. By the end of the year, the Executive Committee had taken steps to implement several of the recommendations contained in the **Millard Task Force Report**.

Financially, the WCB continued to be in a relatively strong position in 1988. I am pleased to report the unfunded liability increased only marginally by $6.4 million to $367 million. Because of increases in both assets and liabilities, our level of funding increased from 78.9 to 80.0%. Rate increases of up to 5% in 1988 also helped prevent further deterioration of the deficit. In effect, 1988 was a break-even year.

Our employees carried out their duties with a high degree of expertise and professionalism which bodes well for the future of the WCB. On behalf of the Board of Directors and the Executive, I would like to acknowledge our employees' outstanding performance, and congratulate all staff on their achievements during 1988.

Kenneth C. Pals
President and
Chief Executive Officer


THE BOARD OF DIRECTORS
PRESIDENT & CHIEF EXECUTIVE OFFICER
ORGANIZATION CHART
VICE PRESIDENT & CHIEF OPERATING OFFICER
REGIONAL OFFICES
ASSESSMENT DEPARTMENT
CLAIMS DEPARTMENT
VOCATIONAL REHABILITATION DEPARTMENT
REHABILITATION CENTRE
MEDICAL SERVICES DEPARTMENT
VICE PRESIDENT & CHIEF DEVELOPMENT OFFICER
PLANNING & DEVELOPMENT SERVICES
PUBLIC AFFAIRS
POLICY & PROCEDURES DEPARTMENT
RESEARCH & EVALUATION DEPARTMENT
VICE PRESIDENT, CHIEF FINANCE & ADMINISTRATION OFFICER
INFORMATION SYSTEMS
HUMAN RESOURCES
TREASURER & FUND MANAGEMENT SERVICES
CONTROLLER & FINANCIAL PLANNING SERVICES
ADMINISTRATIVE SERVICES
ACTUARIAL & STATISTICAL SERVICES
VICE PRESIDENT, SECRETARY & GENERAL COUNSEL
LEGAL SERVICES DEPARTMENT
ASSISTANT SECRETARY & GOVERNMENT RELATIONS
INTERNAL AUDIT DEPARTMENT
APPEALS ADVISORS
CLAIMS SERVICES REVIEW COMMITTEE
ASSESSMENT REVIEW COMMITTEE
CHAIRMAN OF APPEALS COMMISSION & CHIEF APPEALS COMMISSIONER
APPEALS COMMISSIONERS
MANAGER OF ADMINISTRATION
REGISTRARS
*LEGAL ADVISOR
**MEDICAL ADVISOR
* Reports to Director - Legal Services
** Reports to Director - Medical Services
Executive Committee

Ian Sinclair
Vice-President and
Chief Operating Officer

In the fall, Claims Services was reorganized into the Operations division. The Operations division is made up of: Claims, Vocational Rehabilitation, Medical Services, Rehabilitation Centre, Assessment, Regional Offices. Previously, Assessment was part of the Finance division and the Regional Offices were part of the Administration division. This reorganization of the Operating departments into one division will provide better co-ordinated service delivery to WCB clients.

New Operations Division Streamlines Service Delivery

Earlier Investigation Speeds Up Claims Adjudication

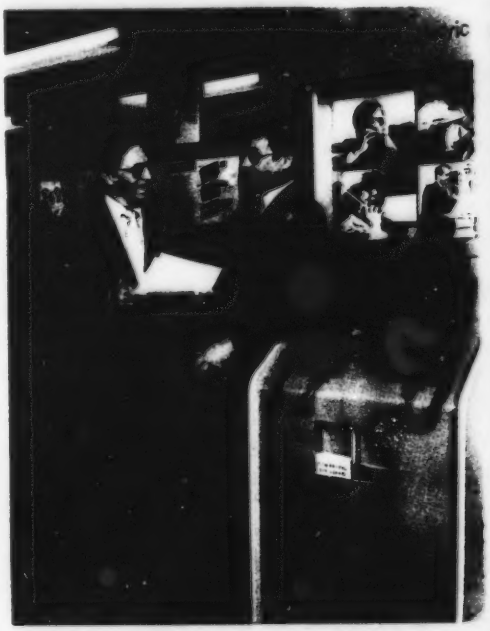
During 1988, new claims increased 5.9% and total claim costs increased by 5.3%. These increases reflect an improved provincial economy and increases in the work force. Accumulated average days per claim increased only marginally.

The majority of benefit payments were issued regularly and on time. To maintain timely benefit payments and reduce delays in adjudication, the department introduced early claims investigation for newly created, complex files. In 1988, staff from the Claims Investigation Unit travelled more than 148,000 kilometers in the course of their investigations.

The Claims department improved timeliness of service by developing existing personnel, increasing resources where required, and enhancing information systems. The department focused on the training needs and skill development of staff through various courses and developmental training. Expeditors were trained to assume additional responsibilities related to information gathering. With this training, the Expeditors provided valuable assistance to Adjudicators in speeding up the decision-making process.

Communication remained a high priority. Claims Counsellors provided person-to-person service in the office and in the field to both workers and employers. The Counsellors also made hospital visits where necessary, and participated in speaking engagements.

In all its activities, the Claims department sought to adjudicate injured workers' claims in a fair and sensitive manner while at the same time maintaining cost-effectiveness.



WCB Vocational Rehabilitation Counsellor, Bert Harsch (L), visits with claimant Gil DuHamel who, after an industrial accident, was successfully reestablished as a Trunking Agent for GE Mobile Communications with assistance from the WCB.

1,188 Find Jobs Through Vocational Rehabilitation

In 1988, Vocational Rehabilitation staff helped 1,188 workers return to gainful employment through several established programs. Eight hundred and seventy work assessment and training-on-the-job programs were initiated. In addition, the department expanded the employment program – *The Working Solution*. This program effectively encouraged many employers to hire injured workers. Vocational Rehabilitation also offered academic upgrading to 800 workers, up 19% from 1987.

Alberta experienced a gradual improvement in its economy in 1988. This resulted in increased activity in the job market. At the same time, changing job requirements and higher qualifications required for new types of work created additional challenges for Vocational Rehabilitation in helping injured workers return to gainful employment. As a result, the Vocational Rehabilitation department developed new strategies to increase the number of workers who returned to jobs with their former employers. The department also carried out a market survey to identify the services employers required to retain their employees after an accident.

The WCB, through the Vocational Rehabilitation department, continued sponsorship of Job Finding Clubs in Edmonton and Calgary. These intensive three-week programs of job search instruction and dynamic group interaction proved successful in assisting 201 workers prepare for, and effectively locate, appropriate employment.

Communications with employers is an important part of claims adjudication. WCB Claims Counsellor, Jean McKay, gets first hand information about a job site as she chats with Al Shipton, Manager, Manufacturing Services, during a visit to a Stelco plant.

Keeping claimants informed of the status of their claims is an important part of claims adjudication. Claims Counsellor, Mary Dixon meets with claimant Kevin Truman at his home to discuss his claim.

Medical Assessments Increase Sharply In 1988

Activity in the Medical Services department increased significantly in 1988. Medical Services staff and consultants performed approximately 7,200 medical assessments. This was approximately 1,000 more assessments than were performed in 1987.

Medical Services staff kept in touch with recent developments in the medical and surgical fields. WCB physicians attended courses and seminars on a variety of topics. Areas of examination included fibrositis, occupational diseases, indoor pollution, toxic wastes, medicolegal aspects of clinical impairment and disability assessment, management of complex workers' compensation cases, and rehabilitation of brain injured patients.

The Medical Services department published papers on important issues related to the medical aspects of workers' compensation and disability management. Subjects included:

- Noise Induced Hearing Loss
- Cost of Occupational Deafness
- Psychiatric Disorders in Workers' Compensation Cases.

The Medical Services department was also one of the co-authors of the Workers' Compensation Board's presentation to the Hyndman Commission on **Future Health Care for Albertans**.

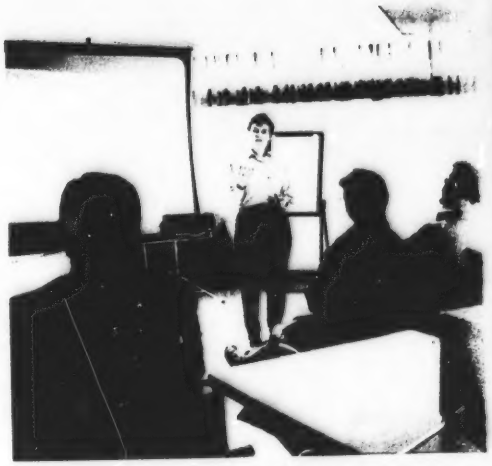
The Medical Services department was also actively involved in teaching medical students, and accepted a resident in occupational medicine from the University of Calgary for a three-month training program.

During 1988, the Medical Services department staff met with various medical groups and private physicians to discuss medical problems related to workers' compensation. WCB physicians also organized a seminar in Edmonton where guest speakers from Canada and the United States discussed medical problems encountered daily.

Through the Medical Services department, the WCB is also directly involved in clinical medical research and development of expertise in Magnetic Resonance Imaging for diagnostic purposes and earlier recognition of compensable conditions.

1,500 Workers Benefit From Rehabilitation Centre's Back Education Program

The Rehabilitation Centre has long been aware of the need for safety and proper back care in the workplace. As a result, in 1988 it formally established an Industrial Back Care Education Program. Following its initial success as a pilot project in 1987, the program started full operations in September 1988. The Back Care Education Team travelled throughout Alberta and presented seminars to help employers establish proper back care procedures for their workers. More than 1,500 workers attended over 60 seminars which were held from September through December 1988.



The WCB recognizes the need for back education in the workplace. Physical Therapist Donna Stickland explains how to prevent back injuries to a group of workers at Alberta Brewers' Agents Ltd.

WCB Assessment Auditors carry out periodic audits of employers' accounts. Auditor Dale Wiltzen (l) discusses audit procedures with Chief Accountant, Bob Chorney of Majestic Pipeliners.

During 1988, the Rehabilitation Centre placed additional emphasis on quality of service delivery. The Centre adopted a *Direct Admission* approach in May 1988 under which workers were admitted to the Centre while remaining under the care of their own physicians. This program was limited to Edmonton area clients to ensure ready access and appropriate liaison with the community's medical resources. In the latter part of 1988, approximately 20% of the client population fell into this category.

Centre management concentrated on developing programs aimed at achieving a high quality, interdisciplinary approach to rehabilitation. A pre-admission screening team was established through which clients were referred to community resources whenever possible. This pre-screening reduced or eliminated waiting lists and speeded up treatment.

Student and intern placements in Physical Therapy, Occupational Therapy, and Psychology continued actively in 1988. Requests from other educational institutions were also received and accommodated whenever possible.

Registered Employers And Revenue Increase In 1988

Approximately 2,000 more employers were registered with the Workers' Compensation Board – Alberta in 1988. Assessment revenue also increased by 12.3% to $313.5 million. These increases can be attributed to the improving economy of the province.

As a result of consultation with employers, a modified form of experience rating for smaller employers called *Graduated Participation* was introduced in 1988. *Graduated Participation* dampens the impact of discounts and surcharges on smaller employers while continuing to provide for a variation in assessment rates based on an individual employer's experience.

During 1988, the Assessment department continued to upgrade its computer systems to achieve increased productivity and improved client services.

Employers Registered, Industry Accounts, and Assessable Payroll

Year	Number of Employers Registered	Number of Industry Accounts	Assessable Payroll (000's)
1979	53,578	57,148	$ 8,822,631
1980	57,646	61,470	10,394,183
1981	55,006	59,076	13,034,082
1982	53,891	58,201	15,832,600
1983	53,370	57,743	15,194,084
1984	54,145	58,860	15,380,360
1985	56,567	61,342	16,205,488
1986	56,741	61,370	17,275,859
1987	57,605	62,344	17,806,920
1988	59,573	63,998	19,600,000

The WCB Rehabilitation Centre offers a variety of treatment services. Assistant Supervisor of Physical Therapy, Liz Woolnough, puts claimant Linda Herrle through an exercise program.

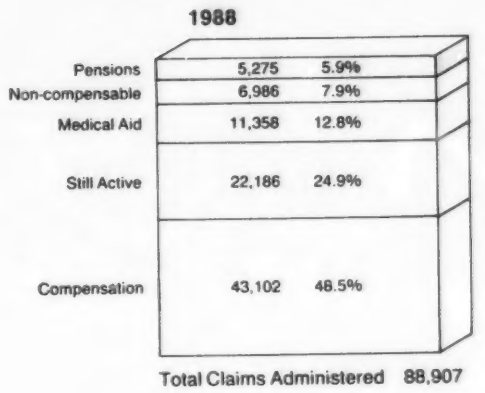
Summary of Claims Administered

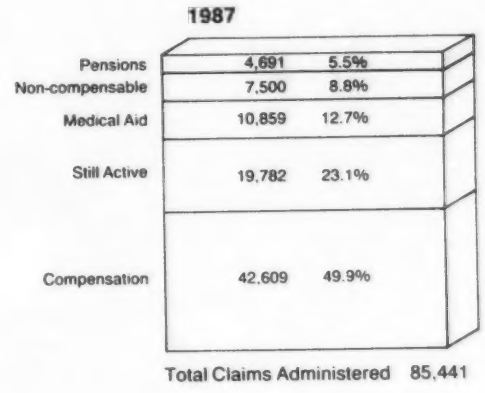
	1988	1987
Claims that were under Active Administration as of January 1st	19,782	18,786
New Claims (all types) Reported during the Year[1]	62,129	58,637
Previously Closed Claims Reopened during the Year	6,996	8,018
TOTAL CLAIMS ADMINISTERED	88,907	85,441
Claims involving Pensions or Compensation	48,377	47,300
Claims in which Medical Aid only was Paid	11,358	10,859
Claims which were non-compensable[2]	6,986	7,500
SUB-TOTAL OF CLAIMS ADMINISTERED	66,721	65,659
Claims that were under Active Administration as of December 31st	22,186	19,782
TOTAL CLAIMS ADMINISTERED	88,907	85,441

[1] Note: New claims of all types include Pension Claims, Compensation Claims, Medical Aid Claims, non-compensable claims and claims in which a judgement is pending.

[2] Refers to a claim for compensation which was not covered under the Act, not established, or the accident was deemed not to be in the course of employment.

Volume and Type of Claims Administered in 1987 and 1988





Cross-Referenced Breakdown of Claims Administered in 1988

Status at Year End	Claims that were under Active Administration as of January 1st	New Claims Reported in 1988	Re-opened Claims in 1988	Totals
Pension Claims	2,680	60	2,535	5,275
Compensation Claims	7,502	33,195	2,405	43,102
Medical Aid Only Claims	1,448	9,385	525	11,358
Non-compensable	1,605	5,344	37	6,986
Still Active	6,547	14,145	1,494	22,186
TOTALS	19,782	62,129	6,996	88,907

Beth Nyaradi of the Calgary Regional Office Claims department is one of the many staff who assist the public in their dealings with the WCB.

A sophisticated computer system gives easy and fast access to employer records.

Number of New Claims Reported by Nature of Injury in 1988[1]

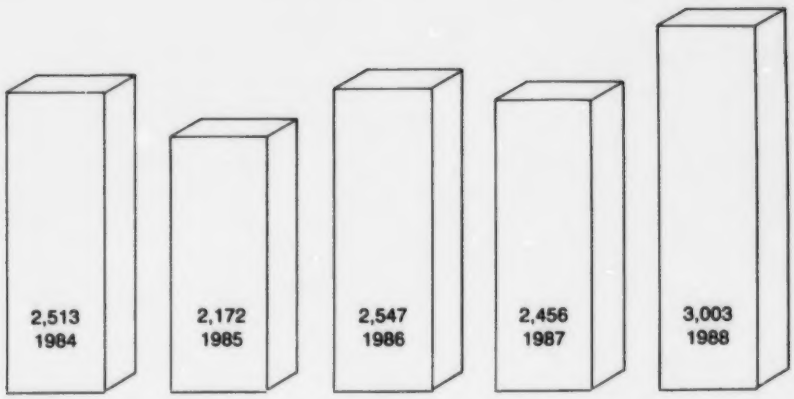
	1988	1987
Strain or Sprain	25,732	24,324
Bruise	8,077	7,759
Cut or Laceration	7,147	6,931
Multiple Injuries	6,211	5,886
Fracture or Dislocation	3,660	3,471
Non-Personal Damage	3,309	3,217
Bursitis or Synovitis	2,187	2,027
Burn or Scald	2,046	1,876
Other Industrial Injury	1,621	1,121
Dermatitis or Systemic Poisoning	700	613
Other Industrial Disease	530	524
Arc or Welding Flash Burn	273	230
Temperature Effects	54	17
Radiation Effects	8	7
Amputation	6	16
Miscellaneous	568	618
Totals	62,129	58,637

[1] Note: All types of claims are included in the table e.g., Lost Time, Pensions, Medical Aid, and claims in which a judgement is pending.

Number of New Claims Reported by Part of Body in 1988[1]

	1988	1987
Back	14,830	13,772
Fingers	7,040	6,617
Toes, Feet or Ankles	5,763	5,557
Chests, Hips or Shoulders	5,652	5,198
Multiple Injuries	5,000	4,945
Hands or Wrists	4,307	3,981
Arms	3,726	3,539
Head or Neck	3,405	3,276
Non-Personal Damage	3,309	3,217
Knees	3,189	3,059
Eyes	2,960	2,566
Legs	1,981	2,020
Body Systems	863	815
Miscellaneous	104	75
Totals	62,129	58,637

Total Number of Disability Awards Approved by Year



New Permanent Disability Awards Approved in 1988 by Part of Body Affected[1]

	1988	1987
Back	964	718
Thumb or Finger	546	524
Leg	357	279
Arm	326	239
Ear[2]	172	148
Foot	170	145
Hand	158	122
Head or Face	72	41
Multiple Body Parts	67	71
Eye[3]	50	44
Pelvis or Hip	40	33
Toe	25	30
Pulmonary System	23	24
Heart	8	15
Miscellaneous	25	23
Totals	3,003	2,456

[1] This table refers to the claims that were approved in 1988 for Permanent Disability awards (P.D.s). The total figure is derived from:

- claims that occurred in 1988 that were approved as P.D.s
- a certain number of the claims brought forward from the prior year(s) that were approved as P.D.s
- a certain number of the claims that were re-opened in 1988 that were approved as P.D.s
- P.D.s. that were awarded in 1987 but not statistically recorded until 1988.

[2] Ear refers to loss of hearing.

[3] Eye refers to loss of vision.

Fatalities Accepted in 1988 by Type of Accident

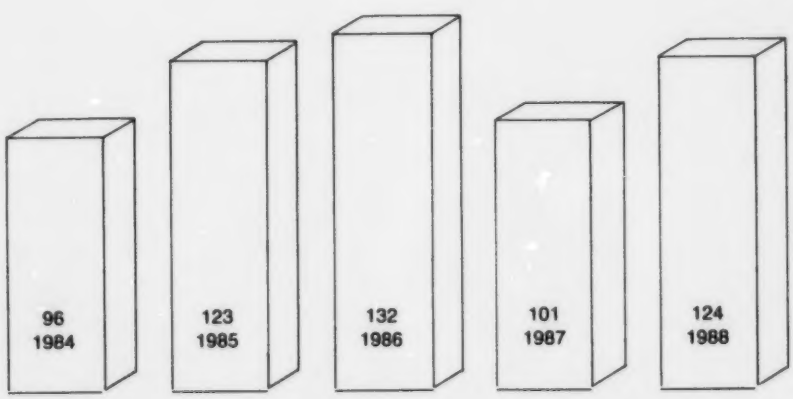
Type of Accident	Accident Reported in 1988	Accident Reported Prior to 1988	Total
Highway, MVA[1]	14	3	17
Highway, SVA[2]	12	4	16
Highway, Other	3	1	4
Mobile Equipment	3	4	7
Stationary Equipment	4	0	4
Load/Materials	1	0	1
Cave-in	1	0	1
Falling Object	3	4	7
Flying Object	2	0	2
Fall from Elevation	4	4	8
Aircraft	2	2	4
Fire/Explosion	3	0	3
Asphyxia/Drowning	9	0	9
Electrocution	4	1	5
Silicosis	0	3	3
Heart Attack	1	10	11
Other Respiratory	0	6	6
Asbestosis	0	3	3
Lung Cancer	0	3	3
Miscellaneous	3	7	10
Totals	69	55	124

[1] MVA: Multiple Motor Vehicle Accident.

[2] SVA: Single Motor Vehicle Accident.

Extensive training in adjudicative procedures and the use of modern technology is a priority in the Claims department. Claims Trainer, Mike Toal, explains a computerized system to Claims Adjudicator Trainee, Natalie MacLellan.

Total Number of Fatal Claims Accepted by Year



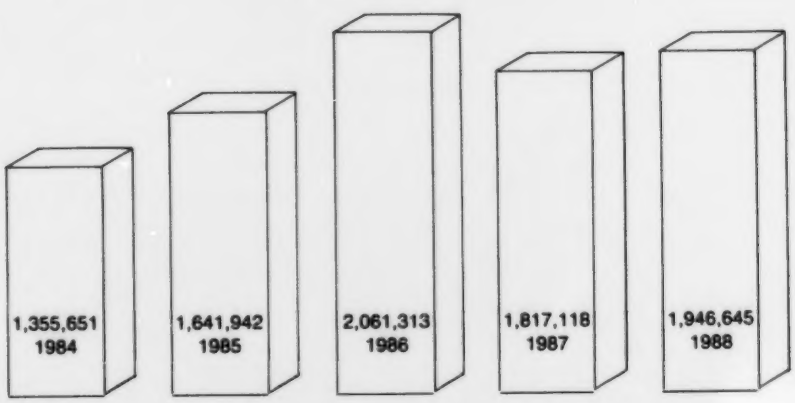
Summary of Compensation Days Paid for the Years 1984 - 1988[1]

Year of Accident	1988	1987	1986	1985	1984
Current Year	905,746	822,123	957,406	862,018	724,713
Previous Year	594,390	573,181	673,471	478,337	380,254
Prior Years	446,509	421,814	430,436	301,587	250,684
TOTALS	1,946,645	1,817,118	2,061,313	1,641,942	1,355,651

[1] Note: The total number of compensation days paid by the WCB are shown for each year. Using the figures of 1988 as an example:

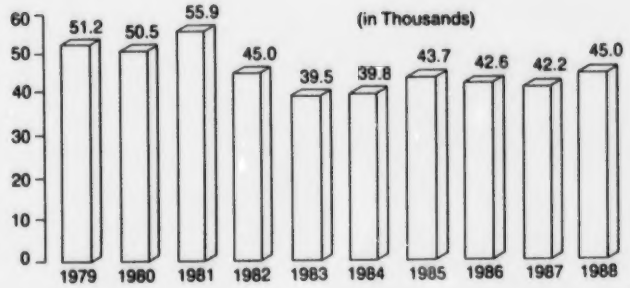
Current year indicates 905,746 days paid on behalf of claims filed in 1988. **Previous year** indicates 594,390 days paid in 1988 on behalf of claims carried over from 1987. **Prior years** indicates 446,509 days paid in 1988 on behalf of claims carried over from years prior to 1987.

Compensation Days Paid by Year



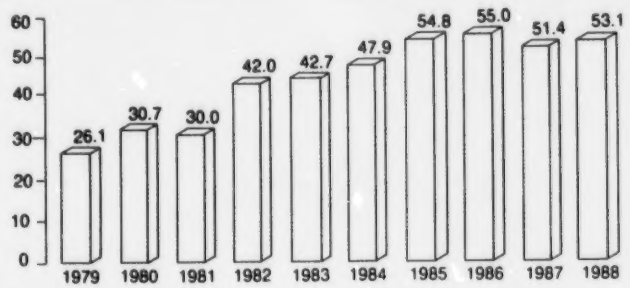
Estimated Lost Time Claims for the Years 1979-1988

Since the peak year of 1981, lost time claims have remained relatively stable. A lost time claim is one in which the worker is on compensation for one or more days subsequent to the date of accident.



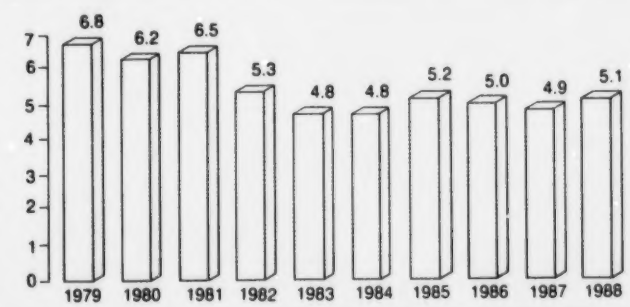
Estimated Average Compensation Days paid Per Lost Time Claim for the Years 1978-1988

This table documents the average number of days of compensation estimated to be ultimately paid over the life of each lost-time claim which occurred in a given year.



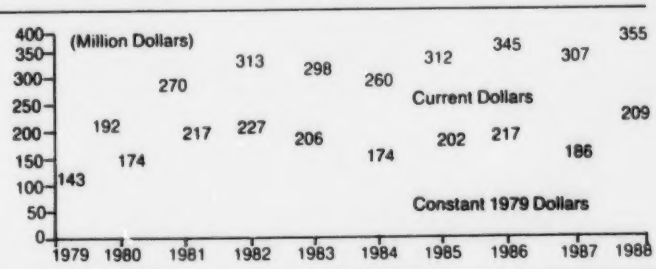
Estimated Lost Time Claim Rate per 100 Workers Covered for the Years 1979-1988

The estimated work place claim rate over the last decade has declined from an average of 6.5% for the period 1979 to 1981, to an average of 5.0% during 1982 to 1988. This decline is probably related to Alberta's level of economic activity over the period.



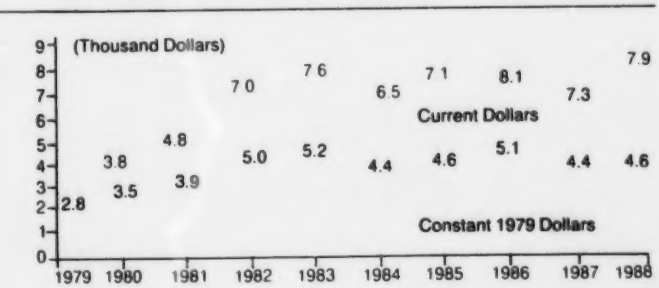
Estimated Full Funded Costs with Constant 1979 Dollar Cost Comparisons for the Years 1978-1988

In any year, the sum of current costs and the estimated present value of future costs of lost-time injury claims plus administration and accident prevention expenditures are referred to as estimated full funded costs. There was a sharp increase in full funded costs (in both current and constant dollar terms) through 1982. Since then, costs have remained relatively stable. The average costs for 1983 to 1988 are about the same as 1982 costs in current dollars and somewhat less in constant dollars.



Estimated Full Funded Costs per Lost Time Claim for the Years 1979-1988

The estimated cost per lost-time claim increased sharply until 1982, but has remained more or less stable since then at an average of $4700, in constant dollar terms.



Ilan Hershman
Vice-President and
Chief Development Officer

*The directional planning report, **Shaping the Future**, set new corporate goals for the WCB. These corporate goals were aimed at improving service delivery and making the organization more responsive to both worker and employer concerns. The Millard Task Force supported the majority of these goals which included: an emphasis on rehabilitation; income impairment rather than physical impairment as the basis of compensation payments; an endorsement of a full-funding position; the ability of the WCB to set its own assessment rates.*

Corporate Development Creates Two-Way Communication With WCB Stakeholders

To assist in achieving the organization's goals, Corporate Development created, and set about staffing, three new departments – Planning and Development, Policy and Procedures, and Research and Evaluation. These three departments, together with Public Affairs, form the Corporate Development division.

Planning And Development

Planning and Development is responsible for managing, developing, executing and integrating the Workers' Compensation Board's forward-looking activities. Planning and Development's major organizational role is to ensure high quality and efficient service delivery to clients.

Policy And Procedures

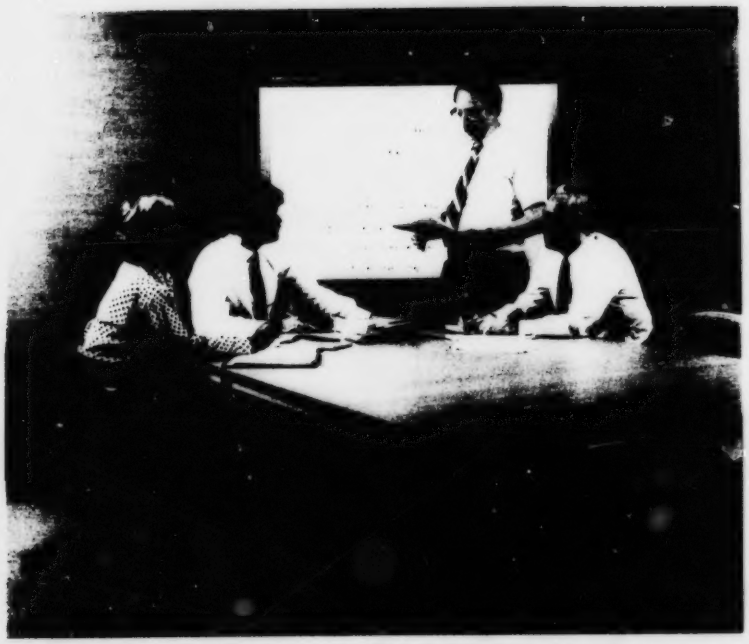
The Policy and Procedures department is responsible for researching, costing, and developing strategic and operational policy recommendations to the Board of Directors. Policy and Procedure's major role in the organization is to ensure that the WCB's policies and procedures are equitable, understandable, comprehensive, and consistent.

Public Affairs Becomes A Top Priority

The function of the Public Affairs department is to assist in establishing and maintaining mutual understanding between the corporation, the general public, and the news media.

During 1988, the WCB, through the Public Affairs department, actively worked at explaining the principles behind workers' compensation to the general public. The organization responded assertively to media criticisms by giving more detailed information whenever possible. The department maintained close liaison with the news media through a policy of openness and accessibility. In addition, staff from all departments continued to participate in public speaking engagements, meetings, seminars, and public information displays and exhibitions throughout the province. The newsletter to employers, various brochures, booklets, publications, and audio-visual presentations were also used internally and externally to provide information on the WCB's activities.

The 1987 Annual Report won first prize at the American Association of State Compensation Funds (AASCIF) 1988 conference held in Salt Lake City, Utah. This is the fourth successive year the Annual Report has featured prominently at the AASCIF awards competition, attesting to this organization's high standards of reporting. Various factors, including quality of message and manner of presentation, were used by the International Association of Business Communicators in judging the North American competition.



Departmental Directors in the Corporate Development division meet frequently to plan organizational strategy. From left to right Martha Schiel, Planning and Development; Chris Zorica, Public Affairs; Deryk Norton, Research and Evaluation; and Alex Weir, Policy and Procedures discuss project strategy.

Research And Evaluation

The Research and Evaluation department monitors, analyzes and evaluates current and future organizational plans and projects. Research and Evaluation's major organizational role is to ensure the organization as a whole is meeting the needs of its clients. This department is also responsible for the design and implementation of research programs and for monitoring trends which may result in the need to change corporate objectives.

Douglas Carr
Vice-President, Secretary,
and General Counsel

The Vice-President, Secretary and General Counsel is responsible for the functions of the Assessment and Claims Services Review Committees, as well as the Appeals Advisory Service, Government Relations and Complaints Services, Internal Audit, and the Legal Services department.

Secretary And General Counsel Audits And Supports Quality Assurance Between Clients And Corporation

Over 6,000 Inquiries Handled By Appeals Advisory Service

The Appeals Advisory Service provides free assistance to workers wishing to appeal claims department decisions. Services include written and oral presentations to the Claims Services Review Committee and the Appeals Commission where workers are not otherwise represented by agents or lawyers.

The Appeals Advisors dealt with 6,717 enquiries, which was approximately 1,100 more enquiries than in 1987. Ninety-nine cases were resolved without an appeal. Of the 199 presentations made to the Claims Services Review Committee, 81 appeals were denied and 118 were accepted. Sixty presentations were made to the members of the Board and its successor, the Appeals Commission. Of these, 27 appeals were denied and 33 accepted. At year end there were 326 cases under active administration.

Employers Given Cost Relief By Assessment Review Committee

In considering appeals by employers on assessment matters, and applications for transfer of costs relating to issues arising from negligence, the Assessment Review Committee seeks to ensure all employers receive fair and equitable treatment.

In 1988, the Assessment Review Committee received 92 assessment appeals from employers. Sixteen were carried forward from 1987. Sixteen appeals from employers for relief of claim costs were accepted, and costs in four more cases were reallocated between two or more employers. Of the files reviewed, 70 involved assessment matters and 22 involved transfer of cost matters. During 1988, 30 hearings were held, with 26 of 45 assessment appeals accepted and three partially accepted. Twenty-seven appeals were returned to the Assessment department for further review and reconsideration as their referral to the Committee was premature. There were 13 outstanding appeals at year end.

1,700 Appeals Sent To Claims Services Review Committee

The Claims Services Review Committee considers appeals by workers, dependants or employers regarding claims for compensation or other benefits. Decisions of the Committee may be further appealed to the newly created Appeals Commission, whose decision is final.

In 1988, the Claims Services Review Committee processed 1,738 appeals. An additional 389 appeals were returned to the Claims or Vocational Rehabilitation

departments for further review and reconsideration. One thousand two hundred and twenty hearings were conducted in 1988, an increase of more than 33% as compared to 1987. Of the 1,630 appeal decisions reached, 914 departmental decisions remained unchanged, while 716 decisions were altered.

Assistant Corporate Secretary Handles Government Relations And Complaints Services

Government Relations and Complaints Services was set up in response to the **Shaping the Future** and **Millard Task Force** reports. Through the Assistant Corporate Secretary, these functions maintain primary liaison between the corporation and elected officials, the Ombudsman's office, and public interest groups. The major organizational role of Government Relations and Complaint Services is to deal speedily with complaints and queries related to workers' compensation matters.

The Assistant Corporate Secretary also provides corporate secretarial and administrative services to the Board of Directors and Executive.

Internal Audit

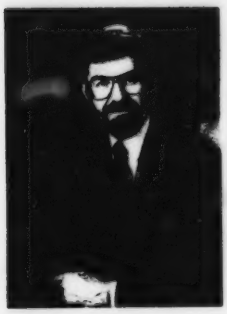
Internal Audit reviews and analyzes financial and operating data, statutory and policy compliance, and provides feedback which allows the WCB to function in a businesslike and efficient manner. The department audits general management and administrative systems, as well as those of the evolving Information Systems department.

Legal Services Recovers $4.5 Million In Personal Injury Actions

The Legal Services department provides legal advice to the corporation, acts as counsel before the courts in representing the rights and interests of the corporation, and also defends the Appeals Commission when its jurisdiction is challenged. Some of the major responsibilities of Legal Services include conducting or directing lawsuits seeking recovery for injuries suffered by workers due to the negligence of parties not covered by the Act, assisting in the collection of bad debts, reviewing contracts, and giving other day-to-day advice on the business operations of the corporation.

Acting on behalf of the WCB and claimants, the Legal Services department recovered over $4.5 million through personal injury actions against third parties. Other court actions resulted in the recovery of $250,000 in unpaid assessments. Fourteen possible fraud cases were referred to the Attorney General's department. These resulted in five convictions and three dismissals. The remaining cases are still before the courts.

The WCB Legal department gives legal advice to the corporation and also assists workers in third party claims. WCB Solicitor, Mary McCorquodale, and WCB acting Director of Legal Services, Pat Yearwood, discuss a case as they leave the Law Courts building in Edmonton, Alberta.



Kenneth Coull
Vice-President, Chief Finance
and Administration Officer

As a result of the major restructuring of the Workers' Compensation Board which took place in 1988, the Vice-President and Chief Finance and Administration Officer is responsible for the corporate functions of Actuarial and Statistical Services, Administrative Services, Controller, Human Resources, Information Systems, and Treasurer departments.

Restructured Finance And Administration Division Aims At Better Financial Management And Improved Corporate Support

Actuarial And Statistical Services

Actuarial and Statistical Services applies advanced statistical and mathematical techniques to the analysis of WCB operations. Actuarial and Statistical Services' major role in the organization is to develop assessment rate recommendations and provide evaluations of claim liabilities for financial reporting and forecasting.

Administrative Services

The functions of Administrative Services are the efficient and effective provision of facilities, acceptable work environments, supplies, equipment, and general support for corporate activities.

Controller

The Controller is responsible for maintaining complete and accurate financial records including the preparation of financial reports and statements, financial planning and budgeting, as well as the safeguarding of assets.

Human Resources

In addition to promoting a climate which allows all employees to achieve their potential, Human Resources works in partnership with all organizational units to maximize the contribution of the corporation's human resources.

During 1988, the WCB provided staff with opportunities to further enhance their abilities and skills. One hundred and thirty-one employees took advantage of support offered through the corporation's *Study Assistance Program*. The Human Resources department also continued to offer a variety of programs geared to promote employee health and productivity.

By year-end, heavy external recruiting was focused on acquiring candidates to keep pace with current technology and expanding business requirements. At the same time, the WCB sought to ensure that all employees were working in jobs for which they were most adequately suited.

All new staff joining the WCB are given a thorough orientation in the corporation's operations. Finance Special Projects Officer, Don Cummings, makes a point during an orientation seminar.

Information Systems

Information Systems is responsible for providing complete information technology services to the WCB. This growing department's responsibilities include planning and development of automated systems, operation of a corporate data processing system, and leadership in the use of information engineering strategies.

Introduction of the information engineering approach to developing systems made 1988 a year of significant change for the Information Systems department. This new data-oriented method placed increased emphasis on addressing systems needs in partnership with the client. In its first year of use, noticeable improvements in service delivery occurred and the relationship with clients has been enhanced.

Investigation of office systems technology continued as a high priority throughout the year. Initiatives directed at increasing the efficiency, effectiveness, and quality of WCB service included:

- text and data integration for automated letter generation
- selection of a relational database product
- commencement of a study on image processing technology.

In 1988, the department provided leadership in several information strategy planning efforts. These involvements increased management's understanding of the organization and are helping to assure development energies are focussed on the critical areas of the WCB business.

Treasurer

The Treasurer acts as custodian of the corporation's cash and securities. The Treasurer manages the external investment of financial assets, and is responsible for receipt and disbursement of all funds.

Commentary On Financial Statements

INVESTMENT ACTIVITIES

The value of assets which have been invested to meet the future costs of past claims continued to recover from the market lows experienced in late 1987. In 1988, the value of assets reached $1,440 million, an increase of 6.9 percent. However, with lower interest rates prevailing for most of 1988, the average return on investments continued to decline to 10.05% from the unusually high levels achieved earlier in the decade.

Net investment income rose to $127.4 million, exceeding the level achieved in 1987, despite suffering the negative impact of significant equity write-downs. With stronger interest rates prevailing in late 1988, a resumption in the growth of investment revenue is expected during 1989.

RESULTS OF OPERATIONS

Stronger economic activity in Alberta, combined with a small approved increase in assessment rates, resulted in a 12.3% increase in assessment revenue to $313.5 million for the 1988 line of business. However, expenditures rose even more quickly to $356.3 million. This situation produced a deficit of $42.8 million on 1988 operations.

Substantially offsetting this disappointing result was a $36.4 million release of liabilities on prior years' operations. This release was primarily due to another year without statutory adjustment of benefit levels. As a consequence, an overall deficit of just $6.4 million was recorded, bringing the WCB's accumulated unfunded liability to $367.1 million at year-end 1988. This leaves the corporation in a slightly stronger funded position at 80.0% with assets totalling $1,471 million and estimated liabilities of $1,838 million.

The WCB anticipates reporting a surplus during 1989 and a corresponding decline in its accumulated unfunded liability. This expected financial improvement is a result of the 12.5% average increase in assessment rates already announced for 1989, and an expected continuation of economic activity levels achieved during 1988. The financial improvement recorded in 1988 is the first step in a long-term program to eliminate the accumulated deficit and return the WCB to a fully funded position.

Full Funded Costs compared to Assessment Revenues

Year	Average Actual Assessment Rate per $100 Assessable Payroll	Average Rate Required for Full Funding per $100 Assessable Payroll	Difference
1979	1.61	1.62	0.01
1980	1.60	1.85	0.25
1981	1.62	2.07	0.45
1982	1.73	1.98	0.25
1983	1.73	1.96	0.23
1984	1.65	1.69	0.04
1985	1.59	1.92	0.33
1986	1.68	2.00	0.32
1987	1.56	1.73	0.17
1988	1.59	1.81	0.22
Average	1.64	1.87	0.23

Since 1980 there has been a persistent gap between actual and required assessment rates which has resulted in the current unfunded liability.

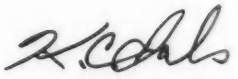
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements, and other financial information in this annual report, are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared in accordance with generally accepted accounting principles, except as specifically described in Note 2 to the financial statements, and of necessity include estimates and approximations which reflect the best judgement of management.

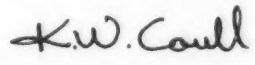
In discharging its responsibility for the reliability and fairness of the financial statements, management maintains appropriate financial and control systems. Practices have been designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The Board of Directors ensures these responsibilities are fulfilled by meeting periodically with management.

The Auditor General of the Province of Alberta is the Auditor of the Board, in accordance with Section 87(1) of the Act, and his opinion on the financial statements for the year ended December 31, 1988 follows.

TPF&C Limited have been appointed consulting actuaries to the Board for year-end 1988. Their opinion on the adequacy and appropriateness of the valuation of the Corporation's actuarial liabilities and on the provision for these costs is present following the opinion of the Auditor General.



Kenneth C. Pals
President and
Chief Executive Officer



K.W. Coull
Vice-President, Finance and
Administration

AUDITOR'S REPORT

ALBERTA LEGISLATURE

OFFICE OF THE AUDITOR GENERAL

To the Members of The Workers' Compensation Board

I have examined the balance sheet of The Workers' Compensation Board as at December 31, 1988 and the statements of operations and fund balance and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon
CA
Auditor General

Edmonton, Alberta
April 5, 1989

ACTUARIAL OPINION

Suite 1400, 1100 Melville Street
Vancouver, British Columbia V6E 4A6

TPF&C
a Towers Perrin company

To the Board of Directors Workers' Compensation Board — Alberta:

After consultation with me, the Actuarial and Statistical Services department of The Workers' Compensation Board has made a valuation of the liabilities for Unfinalled Claims, Pensions, and Enhanced Disabilities of the Board at December 31, 1988. This valuation was based on the provisions of the Workers' Compensation Act in effect at December 31, 1988.

In my opinion,

1. the valuation conforms to the Recommendations of the Canadian Institute of Actuaries;
2. the amounts of the liabilities for Unfinalled Claims ($656,500,000), Pensions ($742,700,000) and Enhanced Disabilities ($409,100,000) make adequate and appropriate provision for expected future payments for which the Accident Fund is financially responsible under the Workers' Compensation Act; and
3. adequate and appropriate provisions on account of the liabilities for Unfinalled Claims ($138,100,000) and Enhanced Disabilities ($84,200,000) have been made in the Statement of Operations and Fund Balance in respect of claims incurred during 1988.

TPF&C LIMITED

Terence Duggan

Terence Duggan, F.C.I.A.
Vancouver, British Columbia
April 7, 1989

BALANCE SHEET

AS AT DECEMBER 31, 1988
(in thousands of dollars)

	1988	1987
ASSETS		
Cash	$ 65,785	$ 61,014
Assessments and other receivables (Note 3)	33,859	27,371
Accrued interest	19,987	22,131
Investments (Schedule 1)	1,313,159	1,229,843
Deferred charges (Note 4)	27,221	22,351
Fixed assets (Note 5)	10,969	11,979
	$1,470,980	$1,374,689
LIABILITIES AND FUND BALANCE		
Accounts payable	$ 2,373	$ 2,697
Deferred revenue (Note 4)	26,792	29,499
Employers' deposit accounts	380	380
Staff benefit trust	200	183
Liability for claims (Note 6)	1,808,300	1,702,600
Fund balance (deficit)	(367,065)	(360,670)
	$1,470,980	$1,374,689

The accompanying notes and schedules are part of these financial statements.

On behalf of the Board of Directors:

Vern Millard, Director

Kenneth C. Pals, Director

STATEMENT OF OPERATIONS AND FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 1988
(in thousands of dollars)

	Operating Activities For			
	1988	Prior Years	1988 Total	1987 Total
REVENUE				
Assessments				
Industry	$ 312,358	$ 279	$ 312,637	$ 272,307
Self-Insurers	1,178	6,988	8,166	9,671
Investment income (Note 7)	—	127,441	127,441	126,389
Province of Alberta (Note 8)	—	14,429	14,429	16,191
	$ 313,536	$ 149,137	$ 462,673	$ 424,558
EXPENDITURES				
Claim costs (Note 9)	$ 88,004	$ 221,979	$ 309,983	$ 294,385
Deduct: Claim costs charged to the liability for claims	3,636	215,011	218,647	209,704
	84,368	6,968	91,336	84,681
Provision for future claim costs	222,300	—	222,300	186,900
Adjustment to liability for claims:				
Investment income allocated	—	152,816	152,816	153,019
Actuarial estimates	—	(47,087)	(47,087)	25,179
Total claim costs	306,668	112,697	419,365	449,779
Administrative and general expenses (Schedule 2)	43,103	—	43,103	39,486
Rehabilitation Centre operations, net (Schedule 3)	470	—	470	209
Occupational Health and Safety (Note 10)	6,130	—	6,130	6,071
	$ 356,371	$ 112,697	$ 469,068	$ 495,545
OPERATING SURPLUS (DEFICIT)	$ (42,835)	$ 36,440	$ (6,395)	$ (70,987)
Fund balance at beginning of year			(360,670)	(289,683)
FUND BALANCE AT END OF YEAR			$ (367,065)	$ (360,670)

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1988
(in thousands of dollars)

	1988	1987
OPERATING ACTIVITIES		
Operating surplus (deficit)	$ (6,395)	$ (70,987)
Claim costs charged to operations	91,336	84,681
	84,941	13,694
Items not requiring funds:		
Provision for future claim costs	222,300	186,900
Adjustments to the liability for claims:		
Investment revenue allocated	152,816	153,019
Actuarial estimates	(47,087)	25,179
Depreciation and amortization of fixed assets	2,032	2,337
Amortization, gains and losses on investments, net	(20,824)	(10,656)
Write down of investments	6,047	950
Other, net	(4,934)	1,053
	395,291	372,476
Deduct:		
Claim payments:		
Compensation	124,406	117,454
Vocational Rehabilitation	15,833	15,408
Medical Aid	51,858	49,694
Pension	122,371	125,697
Pension award recoveries	(1,086)	(1,555)
Refund of employer deposit	—	100
	313,382	306,798
Cash provided from operating activities	81,909	65,678
INVESTING ACTIVITIES		
Purchase and sale of investments, net	(76,116)	(31,725)
Purchase and sale of fixed assets, net	(1,022)	(1,836)
Cash obtained from (applied to) investing activities	(77,138)	(33,561)
INCREASE (DECREASE) IN CASH	4,771	32,117
Cash at beginning of year	61,014	28,897
CASH AT END OF YEAR	$ 65,785	$ 61,014

1 AUTHORITY

The Workers' Compensation Board operates under the authority of the Workers' Compensation Act, Statutes of Alberta 1981, Chapter W-16, as amended.

2 SIGNIFICANT ACCOUNTING POLICIES

a) General:

These financial statements have been prepared in accordance with generally accepted accounting principles except amortized unrealized net gains on equities are recorded as a deferred charge rather than an adjustment to the carrying value of equities in investments.

b) Depreciation and Amortization of Fixed Assets:

Depreciation is recorded as follows:

Buildings	2½%	straight line
Equipment – Data processing	35%	diminishing balance
– Other	15%	diminishing balance
Automobiles	25%	straight line (first year)
	20%	straight line (thereafter)

Leasehold improvements and data processing software costs are amortized on a straight line basis over the expected useful life.

c) Investments:

Investments are recorded at amortized cost with the exception of real estate and equities which are at cost.

Included in investments are:

(i) Term deposits which consist of certificates of deposits, guaranteed investment certificates, treasury bills and promissory notes.

(ii) Equities which consist of common and preferred shares, warrants and pooled equity units.

A gain or loss on the sale of a fixed term investment is deferred and amortized to investment income to the maturity date of the disposed investment.

A gain or loss on the sale of an equity is deferred and amortized to investment income at 15% per annum, applied to the unamortized balance. Unrealized gains and losses on equities are also amortized to investment income at 15% per annum, applied to the unamortized balance.

Investment income is recorded as an operating revenue for prior years on the basis the income is to provide for the cost of prior years' claims. Investment income is allocated to the liability for claims based on average balances and expected yield.

d) Translation of Foreign Currency:

Assets held and liabilities payable in foreign currency are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date except investments which are translated at historical exchange rates.

e) Actuarial Liabilities:

Actuarial liabilities are the estimated present value amounts required to meet the future cost of claims in respect of current and prior years' accidents. The liability estimates are reviewed annually by an independent consulting actuary.

3 ASSESSMENTS AND OTHER RECEIVABLES

Assessments and other receivables are as follows:

	1988	1987
	(in thousands of dollars)	
Assessments receivable	$ 30,666	$ 24,780
Less: Allowance for doubtful assessments receivable	1,400	1,800
	29,266	22,980
Accounts receivable	3,028	2,543
Advances to pensioners	1,565	1,848
	$ 33,859	$ 27,371

4 DEFERRED CHARGES/REVENUE

Deferred charges and revenue are as follows:

	1988	1987
	(in thousands of dollars)	
Deferred charges:		
Amortized unrealized net gain on equities	$ 27,221	$ 22,351
	$ 27,221	$ 22,351
Deferred revenue:		
Unamortized net gain on sale of equities	$ 21,645	$ 23,257
Unamortized net gain on sale of fixed term investments	5,147	6,242
	$ 26,792	$ 29,499

5 FIXED ASSETS

Fixed assets are as follows:

	1988			1987
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value
		(in thousands of dollars)		
Land	$ 604	$ —	$ 604	$ 604
Buildings	9,402	4,097	5,305	5,540
Equipment	11,509	7,862	3,647	4,367
Leasehold improvements	300	103	197	171
Software	1,989	773	1,216	1,297
	$ 23,804	$ 12,835	$ 10,969	$ 11,979

6 LIABILITY FOR CLAIMS

Liability for claims is as follows:

	1988				1987
	Pensions	Unfinalled Claims	Enhanced Disabilities	Total	Total
	(in thousands of dollars)				
INCREASES IN LIABILITY					
Current year claims:					
Capitalized pension awards	$ 13,844	$ —	$ —	$ 13,844	$ 13,296
Provision for future claim costs	—	138,100	84,200	222,300	186,900
Prior years' claims:					
Capitalized pension awards	105,128	—	—	105,128	100,088
Investment income allocated	67,820	51,816	33,180	152,816	153,019
Actuarial adjustments	(32,038)	(3,973)	(11,076)	(47,087)	25,179
	154,754	185,943	106,304	447,001	478,482
DECREASES IN LIABILITY					
Pension payments	122,371	—	—	122,371	125,697
Reduction of pension advances	283	—	—	283	581
Claim costs	—	133,443	85,204	218,647	209,704
	122,654	133,443	85,204	341,301	335,982
NET INCREASE (DECREASE)	32,100	52,500	21,100	105,700	142,500
Liability at beginning of year	710,600	604,000	388,000	1,702,600	1,560,100
LIABILITY AT END OF YEAR	$742,700	$656,500	$409,100	$1,808,300	$1,702,600

7 INVESTMENT INCOME

Investment income is as follows:

	1988	1987
	(in thousands of dollars)	
Interest and dividends	$120,791	$119,303
Amortization of net gain on sale of fixed term investments	4,007	1,347
Amortization of net gain on sale of equities	3,820	4,104
Amortization of unrealized net gain on equities	4,870	2,585
Write-down of investments	(6,047)	(950)
	$127,441	$126,389

8 PROVINCE OF ALBERTA

Reimbursement is received from the General Revenue Fund of the Province of Alberta to cover payment of legislative increases for pre-1974 pensions.

9 CLAIM COSTS

Claim costs are as follows:

	Self-Insurers	Industry 1988	Industry Prior Years	1988 Total	1987 Total
		(in thousands of dollars)			
Pension awards	$ 4,614	$ 13,844	$100,514	**$118,972**	$113,384
Less: Pension award recoveries	—	—	1,086	**1,086**	1,555
	4,614	13,844	99,428	**117,886**	111,829
Compensation	1,611	51,915	70,880	**124,406**	117,454
Vocational rehabilitation	300	556	14,977	**15,833**	15,408
Medical aid	1,468	21,215	29,175	**51,858**	49,694
	$ 7,993	$ 87,530	$214,460	**$309,983**	$294,385

Medical aid includes reimbursements to the Alberta Health Care Insurance Fund for payment of basic health services provided to injured workers in the amount of $13,182,000 (1987 – $12,631,000). Also included are charges in the amount of $5,986,000 (1987 – $6,118,000) for treatment of injured workers at the Rehabilition Centre.

10 OCCUPATIONAL HEALTH AND SAFETY

The Workers' Compensation Board reimburses the Provincial Treasurer a portion of the costs of administering the Occupational Health and Safety Act.

11 COMPARATIVE FIGURES

The 1987 figures are reclassified where necessary to conform to 1988 presentation.

12 APPROVAL OF FINANCIAL STATEMENTS

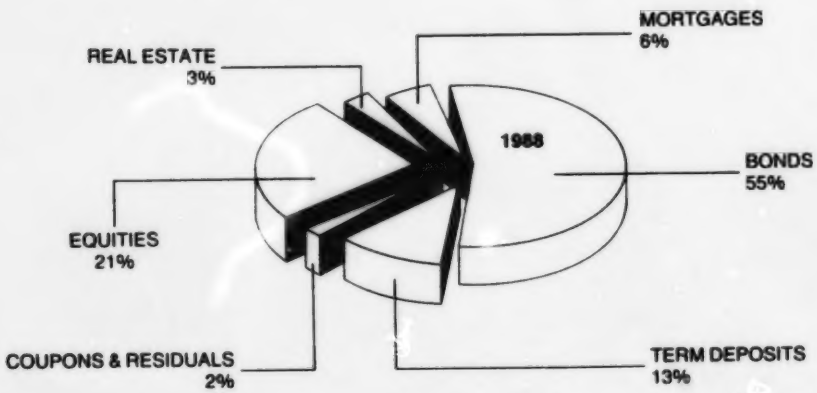
These financial statements were approved by the Board of Directors.

SCHEDULE OF INVESTMENTS

AS AT DECEMBER 31, 1988
(in thousands of dollars)

SCHEDULE 1

	1988		1987	
	Book Value	**Market Value**	Book Value	Market Value
Bonds				
Government of Canada and Provincial guaranteed	**$ 643,672**	**$ 647,757**	$ 694,935	$ 704,549
Corporate	**75,423**	**76,060**	90,057	91,625
	719,095	**723,817**	784,992	796,174
Coupons and residuals	**29,618**	**28,156**	26,409	25,676
Mortgages				
N.H.A. guaranteed	**40,437**	**40,641**	34,440	35,247
Commercial	**43,854**	**44,767**	42,663	44,750
	84,291	**85,408**	77,103	79,997
Real estate	**36,847**	**42,044**	37,053	42,349
Equities	**278,913**	**333,731**	270,357	309,376
Term deposits	**164,395**	**161,388**	33,929	33,034
	$1,313,159	**$1,374,544**	$1,229,843	$1,286,606



SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES

SCHEDULE 2

FOR THE YEAR ENDED DECEMBER 31, 1988
(in thousands of dollars)

	1988	1987
ADMINISTRATIVE		
Salaries and benefits	$ 31,454	$ 29,225
Data processing and office equipment rentals and maintenance	2,140	1,792
Depreciation and amortization	1,819	2,126
Maintenance, rental and operation of buildings	1,240	1,129
Professional fees	849	768
Printing and office supplies	753	570
Travel	599	521
Postage and freight	566	582
Telephone	482	618
Memberships, publications, courses and seminars	399	312
Taxes	324	311
Staff recruitment and relocation	286	59
Media productions and advertising	156	81
Insurance and security services	129	111
Bank service fees	95	109
Miscellaneous	139	84
	41,430	38,398
Deduct:		
Rental revenue	84	30
Miscellaneous revenue	390	569
	474	599
	40,956	37,799
GENERAL		
Provision for doubtful assessments	739	120
Administrative claim costs	720	580
Early retirement incentive program	303	698
Alberta Health Care administration cost	225	214
Research grants	110	75
Safety Associations	50	—
	2,147	1,687
TOTAL ADMINISTRATIVE AND GENERAL EXPENSES	$ 43,103	$ 39,486

SCHEDULE OF REHABILITATION CENTRE OPERATIONS

SCHEDULE 3

FOR THE YEAR ENDED DECEMBER 31, 1988
(in thousands of dollars)

	1988	1987
Salaries and benefits	$ 5,064	$ 4,815
Medical and therapy supplies	339	352
Maintenance and operation of building and equipment	296	421
Depreciation	213	211
Medical consulting fees	208	106
Telephone	75	70
Transportation of patients	55	59
Memberships, publications, courses and seminars	38	38
Printing and office supplies	33	28
Cafeteria	32	113
Laundry service and uniforms	28	33
Travel	23	21
Staff recruitment and relocation	23	10
Miscellaneous	29	50
	6,456	6,327
Deduct:		
Charged to medical aid claim costs	5,986	6,118
Loss from operations	$ 470	$ 209

APPEALS COMMISSION

Morris Bahry
Chairman of the
Appeals Commission and
Chief Appeals Commissioner

The Appeals Commission of the Workers' Compensation Board was established on November 1, 1988 with the proclamation of Bill 30 – The Workers' Compensation Amendment Act. Its function is to hear appeals under the Workers' Compensation Act.

The Appeals Commission is separate from the day-to-day administration of the Workers' Compensation Board. This provides injured workers and their employers with the opportunity of having their appeals heard by an independent panel.

The Appeals Commission operates under the same legislative mandate as the Workers' Compensation Board. It has exclusive jurisdiction over appeals and its decisions are not open to question or review in any court. The Commission is obligated to decide the matters which come before it based on the true justice and merits of each case taking into account policy determined by the Board of Directors. The Commission is not bound by precedents.

Report of the Appeals Commission

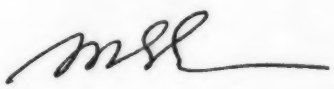
This is my first report as Chairman and Chief Appeals Commissioner of the newly formed Appeals Commission of the Workers' Compensation Board. This report outlines the function, activities, and accomplishments of the Appeals Commission. It also indicates the direction in which the Appeals Commission is moving and the challenges which must be met in 1989.

Because this is the first report of the Appeals Commission, it contains information about the role of a Commissioner as well as short biographies of the individual members of the Appeals Commission.

Writing this report reinforced my belief that the Appeals Commission is truly unique. The mandate of the Appeals Commission is to render decisions on the true justice and merits of the cases which come before it. My colleagues and I have been entrusted with the challenging task of developing an Appeals Commission which strikes a balance between two distinct roles. The Appeals Commission clearly has a role to play as a judicial body; but its mandate also requires it to act in such a way that is seen as informal and not intimidating. In addition, the actions and decisions of the Appeals Commission must be easily understood by those it is intended to serve. Striking this balance is one of the Commission's major challenges.

As the information contained in this report indicates, the Appeals Commission is now fully functional and is performing the tasks for which it was created. There is every indication that we should see the backlog of appeals eliminated in 1989. As a result, I am personally satisfied that we are meeting our responsibilities.

I wish to thank my fellow Appeals Commissioners and the administrative staff who have worked so hard to create a functional Appeals Commission. I am grateful to all of you for your assistance and patience, particularly during the difficult start-up phase of our operations.



The Appeals Backlog

The major problem with appeal processing at the Appeals Commission has been the existence of a backlog of 548 claims. This backlog has caused considerable anguish and frustration for many appellants. On November 1, 1988, the government appointed a Chairman and Chief Appeals Commissioner, two full-time Commissioners, and eight part-time Commissioners. A commitment was made to have all past due appeals dealt with by March 31, 1989.

Progress has been made with the backlog. From November 1, 1988 to December 30, 1988, 197 decisions were made by the Appeals Commission. A total of 325 claims were reviewed by the Commissioners. Hearings were conducted in Calgary, Lethbridge, and Edmonton.

The waiting period for appellants to have their appeals responded to has been reduced from 18 months to approximately 4 months. Hearings and documentary review of appeals are occurring seven days a week to assist in eliminating the backlog.

Decision letters to appellants and their representatives now include the following:

- a clear outline of the issues under appeal
- a description of the case
- the method used in deciding the appeal – the applicable laws and/or policies
- the analysis and resulting conclusions of the Commissioners.

In-house quality control methods are also in place to ensure decisions are made within legislation and policy guidelines.

To ensure consistency in decision making among the various panels, each new Commissioner received similar orientation and training before sitting on cases. This training involved the preparation and distribution of written material regarding policy and work methods in the operating departments. Guest speakers from the Workers' Compensation Board participated in the orientation of the new Commissioners. All Commissioners also observed hearings with the more experienced members before being assigned to a panel. In addition, all the Commissioners will be attending a series of medical lectures in the first quarter of 1989. These lectures will focus on mechanics of injury, medical diagnosis and the different treatment modes available to the injured worker.

The Adjudication Process

The Appeals Commission's adjudication process is still in the development stage. However, the process is being developed according to the following guidelines:

1. The hearing and adjudication process must not be adversarial. The proceedings will not include cross-examination or any similar characteristics of the legal system.
2. The hearing environment must reflect the seriousness of the undertaking. However, this environment must not intimidate the worker, the employer, or any other participant.
3. The adjudication process must be fair and objective in both fact and appearance.
4. The adjudication process must assist in:
   - identifying and clarifying the issues of appeal
   - clarifying evidence.
5. All information relevant to a decision must be available to all parties with an interest in the decision. The Commissioners must not have private information.
6. The adjudication process must be efficient and effective. It must be capable of producing the evidence and understanding which will allow the Commission to make fair and sensible decisions.
7. All questions from appellants and their representatives must be directed through the Hearing Chairman.

All appellants who wish to appeal before the Commission have the opportunity to do so. However, if amenable to the appellant, some types of cases can be decided on the basis of documentation only. A rehearing will only take place if new evidence is brought forward or when exceptional circumstances exist.

Statistical Highlights Of The Appeals Commission

EXHIBIT A

Activities of the Commission (November 1, 1988 to December 31, 1988)

Total Number of Outstanding Files (88/11/01)	548
Number of New Appeals (88/11/01 to 88/12/30)	106
Number of Files Reviewed	325
Decisions Rendered	197
Decisions Pending*	106
Meetings	60

EXHIBIT B

Backlog Status – December 31, 1988

Total Number of Outstanding Claims	432
Decisions Pending*	106
Past Due**	224
Meetings (scheduled in 1989)	60

* Files returned to the Corporation for medical examination, more information, etc., after review by the Appeals Commission.

** More than 20 working days from date appeal received until review by the Commission.

EXHIBIT C

Activities of the Former Board (January 1, 1988 to October 31, 1988)

Total Number of Outstanding Appeals (88/01/01)	443
Number of new appeals received	530
Decisions	367

EXHIBIT D

Decisions

	Jan. 1, 1988 to Oct. 31, 1988	Nov. 1, 1988 to Dec. 31, 1988
Decisions	367	197
Percentage Upheld*	51%	55%
Percentage Overturned	49%	45%

* The Appeals Commission supported the decision of the operating departments and the Claims Services Review Committee or Assessment Review Committee.

CHALLENGES FOR 1989

Though the Appeals Commission is still in its infancy, a number of challenges must be met in 1989. These challenges include the following:

1. Reducing the time it takes from the date an appeal is received until a decision is relayed to the appellant is a high priority for the Commission. Our objective is to render decisions on the majority of cases within 20 working days from when the appeal was received at the Commission. Progress was made in this area in 1988.

2. The Commission has a commitment to educate its clients about the Commission's role, mandate, procedures, and processes. A pamphlet has been designed which should be available for all our clients in the first quarter of 1989. It is hoped that further initiatives will be possible in the near future.

3. The Appeals Commission will be required to participate in the Benefits Policy Committee that will be established in 1989. Initiatives for policy changes will come from operating departments, the Claims Services Review Committee, or the Appeals Commission itself. Regardless of where the initiatives come from, all groups have a role to play in developing policy recommendations to be submitted to the Board of Directors for approval.

4. In order to ensure prompt and quality service to our clients is maintained, the Commission is introducing microcomputer technology in its operations. This will enable even faster scheduling, controlling, and processing of the caseload.

Members Of The Appeals Commission

Morris Bahry

Morris Bahry was appointed to the Board effective March 1, 1982 and was named Vice-Chairman May 1, 1988. Effective November 1, 1988, he was selected as Chairman and Chief Appeals Commissioner of the newly formed Appeals Commission.

Mr. Bahry has held a variety of management positions in marketing and customer service related industries. He has owned several businesses in Alberta and British Columbia. Mr. Bahry has had extensive senior level involvement in community service organizations.

Paul Tichinoff

Paul Tichinoff was named as an Appeals Commissioner effective October 17, 1988. Prior to his appointment, Mr. Tichinoff was Loss Management Executive for Syncrude Canada Ltd. He has an extensive background in petroleum operations, employee relations, housing management, and safety and loss management with both Syncrude and Imperial Oil Limited.

Garry Shury

Garry Shury was appointed to the Appeals Commission on October 2, 1988. Mr. Shury brings to his position a deep understanding of the problems of disabled workers. Prior to his appointment, he was the Western National Co-ordinator for the Energy and Chemical Workers Union.

Mr. Shury has served as Vice-President at large for the Alberta Federation of Labour and was a member of the Labour Relations Board of Alberta. He is a graduate of the Labour College of Canada.

The full-time Appeals Commission.
(From left to right) Appeals Commissioner Garry Shury; Chairman of the Appeals Commission and Chief Appeals Commissioner Morris Bahry; and Appeals Commissioner Paul Tichinoff.

Temporary Part-Time Appeals Commissioners

John Bronius

Mr. Bronius is President and Chief Executive Officer for the International Brotherhood of Electrical Workers, Local 254, Calgary and is employed as an electrician with the City of Calgary. He is a member of the Advisory Council of the Electrical Industry of Alberta and a member of the Board of Electrical Examiners of Alberta.

Sam Lee

Mr. Lee worked in the construction industry in Northern Alberta until 1984. He has been active in the labour movement and has served with various Unions, Committees, and Boards. Mr. Lee was the Business Manager of the United Association of Plumbers and Pipefitters from 1977 to 1981. He has been involved with Occupational Health and Safety as a Member of the Advisory Council to the Minister.

Charlach R. D. Mackintosh

Until recently, Mr. Mackintosh was the nation-wide Manager, Administration and Office Services, Petro-Canada Inc. He is the Past President of the Alberta Risk and Insurance Management Society and has acted as a Director of the American Society of Insurance Management.

Norma M. Meroniuk

Ms. Meroniuk is a Past Board Member of the Elk Point Hospital in Elk Point, Alberta. She is a General Public Board Member of the Apprenticeship and Trade Certification Board and a member of the Advisory Panel of the Apprenticeship and Industry Training Review. Ms. Meroniuk is an Executive Member of Beverly Heights Community League as well as a Support Member of the Rosslyn Senior Citizen's Lodge. She also does volunteer work with the Aids Network in Edmonton.

Van D. Van Orman

Mr. Van Orman is the Past President of the Lethbridge Local of the Alberta Teachers' Association. He is a current Member of the Board of Administrators of the Teachers' Retirement Fund.

Mr. Van Orman has been a Member of the Taber Town Council and has served as Mayor of the Town of Taber. He is currently a member of the Board of Directors of Taber Barons Eureka Family and Community Support Services and a member of the Central Board of Directors of the Alberta Urban Municipalities Association.

Ron Clark

Mr. Clark has extensive experience as a Personnel Manager. He was formerly the Director of Training and Organization Development as well as Recruitment and Selection for the Government of Alberta. For the last six years, he has been employed as a management consultant by a number of organizations. Mr. Clark developed and implemented the first Occupational Health and Safety Program for all Alberta government employees.

Bruce Flesher

Mr. Flesher is self-employed as an owner/operator in the restaurant industry in Alberta. He is the Past President of the Alberta Restaurant and Food Services Association. Mr. Flesher is a graduate in Business Administration.

Irvine Nessel

Mr. Nessel has spent 35 years as a representative with the International Union of Operating Engineers. He is a journeyman heavy equipment operator, blacksmith, farmer, and wheelwright.

Mr. Nessel was the Chairman of the Board of Referees of the Unemployment Insurance Commission from 1966 to 1986. He was a member of the Gale Commission on Occupational Health and Safety, 1976 - 1977, and is a graduate of the Harvard School of Business M.B.A. Trade Union Program.